

Public
banking
can create
the jobs,
housing,
education,
and infra-
structure
we need.
It's an idea
whose time
has come.

ANNUAL REPORT

Fiscal Year 2013



STRATEGIC HIGHLIGHTS

2013 was a year that expanded public banking's reach and influence as more and more people, many for the first time, read or heard about public banking. This occurred because there was significant increase in the number of national media figures who began to lend their voices to public banking. Internationally known journalists, including **Matt Taibbi** and **Chris Hedges**, wrote, spoke publically or otherwise

voiced their support. Other figures like Les Leopold, President of the National Labor Institute, bolstered the case for public banking by publishing the surprisingly modest salary compensation for Bank of North Dakota (BND) executives. Because there are no bonus opportunities at BND, the management and staff are clearly acting in a public service capacity. None of these things happened by accident: the Public Banking Institute (PBI) was the force behind these media developments.

Public Banking Institute Chairman and President, **Ellen Brown**, continued her prolific research and writing and broke new ground with stories on the Cyprus "Bail-In," the threat to public banks by the Trans-Pacific Partnership (TPP) Agreement, and more. Publication of her newest book "The Public Bank Solution," the most comprehensive and definitive book written on the subject, propelled the public banking conversation even further. PBI associate **Tom Sgouros'** new book "Checking the Banks" helped people understand how banks work and how a public bank can be started.

Our annual conference in June, in San Rafael, CA was a great success and included two special evenings: "Reclaim Our Economy From Wall Street with Public Banking" featuring Journalist **Matt Taibbi** and Icelandic Pirate Party Founder **Birgitta Jonsdottir**; as well as a special "TPP Forum" featuring **David Brodwin**, **Margaret Flowers**, **Kevin Zeese** and **Georgia Kelly**. Attendance was excellent, with over 700 people attending the evening with Taibbi and Jonsdottir. The high enthusiasm at the conference was matched by the experts who presented on such diverse topics as the New Deal art in post offices, Strike Debt and Occupy Sandy, the revolving door between the UC Regents

and Wall Street, the financing of the San Francisco Oakland Bay Bridge Retrofit, the remarkable story of Iceland's economic recovery, and more. The common themes included privatization of the commons and, most important, how we can fund a new economy with public banks.

Just as the annual conference was a time for national thought leaders to come together, it was a time for local activists and leaders to come together and to share information on best practices. The Public Banking Coalition, comprised of over 15 state and local chapters and affiliates, was announced at the conference. The Public Banking Coalition meets monthly via conference call to share information and discuss recent public banking developments. A current listing of Coalition members is in the Spring, 2014 issue of *Justice Rising*, a publication of The Alliance for Democracy, in which the entire 16 page issue covered the public banking movement. The organizing efforts in Vermont, Washington DC, and Michigan are showcased, and PBI is heavily featured.



FINANCIAL HIGHLIGHTS

Nearly \$160,000 was donated to PBI during 2013. This was used primarily to fund the Public Banking 2013 conference, Public Banking Coalition organizing, and for 2014 planning and preparation. Over \$24,000 was earned from consulting engagements involving postal banking and research related to Dane County and the state of Wisconsin.

LOOKING AHEAD

At year's end thirty of us came together from around the country to a retreat center in Marin, CA to reflect on our progress, and identified key projects to pursue. Each project had a project manager identified, with some, such as the launch of the *It's Our Money* show featuring Ellen Brown, on the Progressive Radio Network, already leading to success early in the New Year. The Board of Directors utilized this input in developing its strategic plan for 2014. The PBI Board made the decision that due to the dramatically increased interest in public banking, and requests for support and guidance from PBI, that it was time to transition from an all-volunteer organization to having a paid core staff, with a sustainable revenue plan.

In the space of a few months, the PBI Board expanded significantly, from four to eight members, Ellen Brown took the title "Chairman Emeritus" so that she could focus on her political campaign for Treasurer of California, Marc Armstrong resigned from being Executive Director to form BankACT, a 501(c)(4) public and postal banking advocacy organization working in association with PBI, and Gwendolyn Hallsmith has been hired as PBI's new Executive Director.

The Public Banking Institute stands alone as the only organization providing education and support in order to advance the cause of public banking and, with these recent changes and with our expanded board capacity, we look forward to the many opportunities to further public banking this year, and to implement our new Strategic Plan.

In closing, I would like to thank the many people who have volunteered and contributed to further the success of public banking and, specifically, of the Public Banking Institute. We have accomplished much in the last three years, and we look forward to even greater things to come.

Sincerely,

Christopher C. Cogswell

Chairman

May 31, 2014

OPERATING HIGHLIGHTS

Highlights from many of the more operational efforts in place included the following:

- Holding the Public Banking 2013 Funding the New Economy conference in San Rafael, California
- Initial development of the Funding the New Economy symposium series
- Creating media partnerships with the Institute for Public Accountability and Roots Action
- Launching viral media campaigns with videos developed by Rudy and Kathy Avizius
- Expanded use of podcasts, blog posts, and social networking
- Initial development of the Public Banking Workbook
- Further development of the partnership with the postal unions, begun in 2012
- Development of public banking resolutions in Wisconsin and California
- Inspiration and support of regional public banking efforts in San Francisco, Vermont, New Mexico, and Pennsylvania – and Ireland, among other locations

FINANCIAL SUMMARY

The Public Banking Institute is a grassroots organization that is not funded by any single individual or organization. We have over 300 individual donors. Over 50 donors have each provided \$1,000 or more and eight organizations have each donated over \$5,000, qualifying them all to be a member of the Founders Circle.

In 2013, the largest single grant (\$45K) came from the Taubman Foundation, with the Lydia B. Stokes Foundation and the Madison Community Foundation each providing \$10K. Much of the 2013 income came from conference ticket sales, which totaled \$48,948.

Business expenses totaled \$18,435, Contract Services totaled \$23,542, Operations totaled \$12,797, and Travel and Meetings (conference) totaled \$125,404. Total expenses for the year were \$180,866.

We sometimes joke about how it would be so much easier to raise money if we could put an ador-

able picture of a kitten on our landing page and announce an initiative to SAVE THE KITTIES! Alas. The Public Banking Institute is in the space that draws attention to the 99% — there’s nothing sexy about discussing how cumulative interest extracts wealth out of a community and that public banking is a way to restore economic self-sufficiency.

Leveraging public resources wisely to ensure the flow of credit to the real economy—to Main Street—is the promise of public banking that has been proven in North Dakota’s public bank for over 90 years, and in publicly owned banks around the world for centuries.

We are confident that being first in this space will serve us well in the long run. The truth behind public banking is an age-old truth that is being newly discovered by people who realize that the wealth of a community is its productive capacity—the ability for a community to produce the goods and services needed by members of the community. In an age where the biggest banks prioritize speculation and even foreign investments over serving real productive enterprises and communities which are the true heart of our economy; when the Federal Reserve can spend over \$16 trillion bailing out big banks, insurance companies, and foreign banks and concerns while homeowners struggle, states and municipalities grapple with budget deficits and cut spending on schools and infrastructure; it is no wonder that interest in public banks—banking in the public interest—is at an all time high.

Leveraging public resources wisely to ensure the flow of credit to the real economy—to Main Street—is the promise of public banking that has been proven in North Dakota’s public bank for over 90 years, and in publicly owned banks around the world for centuries. We have had great success in bringing public banking into the national conversation in our first three years of existence, and are dedicated over the next phase of our existence to inspiring the creation of public banks at all levels and in all areas of our nation.

“Banks serve critical functions in modern economies. They create our circulating money supply in the form of credits and debits, and they manage the flow of its circulation. This bank credit is the grease that allows the wheels of industry to turn. The systemic flaw in the scheme is that banks are privately owned and controlled, with a mandate to serve the limited interests of the shareholders; and these interests and the public interest often conflict. What is good for Wall Street is not necessarily good for the economy.”

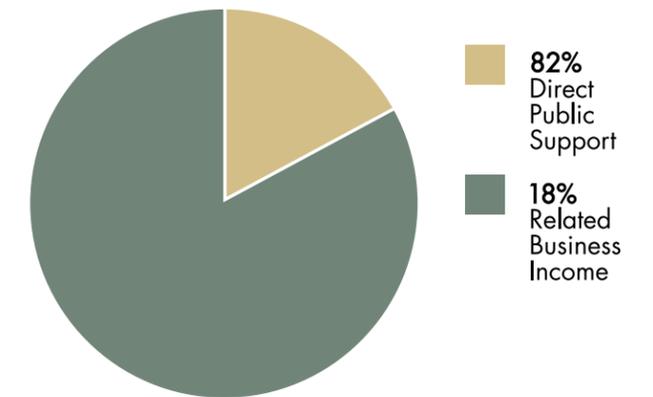
—from Ellen Brown’s
The Public Bank Solution

FINANCIAL STATEMENTS

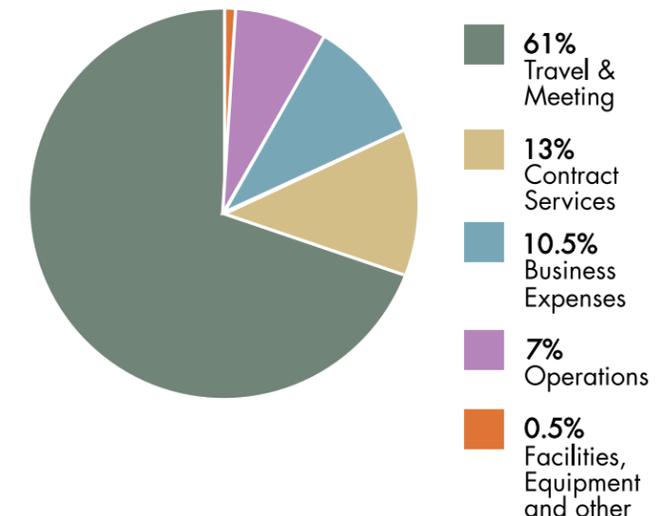
PROFIT AND LOSS, JAN 1, '13 THROUGH JAN 20, '14

Ordinary Income/Expense	2013 Fiscal Year
Income	
Direct Public Support	\$ 159,990.24
Related Business Income	\$ 35,666.15
Total Income	\$ 195,656.39
Expense	
Business Expenses	\$ 18,435.12
Contract Services	\$ 23,542.40
Facilities and Equipment	\$ 252.00
Operations	\$ 12,797.06
Other Types of Expenses	\$ 435.94
Travel & Meetings	\$ 125,403.56
Total Expense	\$ 180,866.08
Net Ordinary Income	\$ 14,790.31
Net Income	\$ 14,790.31

INCOME



EXPENSES



FINANCIAL POSITION AS OF JAN 20, '14

Assets	2013 Fiscal Year
Checking	\$ 14,140.31
Total Current Assets	\$ 14,140.31
Other Assets (Security Dep.)	\$ 650.00
TOTAL ASSETS	\$ 14,790.31
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	\$ 20,614.33
Net Income	-\$ 5,824.02
Total Equity	\$ 14,790.31
TOTAL LIABILITIES & EQUITY	\$ 14,790.31

VISION STATEMENT

We envision and work for a transformed monetary and banking system that operates in the public interest, resulting in broadly shared prosperity.

MISSION STATEMENT

To inspire, enable, and support public bank initiatives, returning control of money and credit to states and communities.



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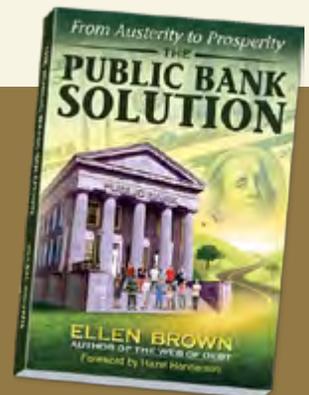


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To be sustainable, a banking system needs a broader mandate, one that includes the needs of the people and the earth itself. The simplest, most direct way to transition from an unsustainable to a sustainable banking system is to transform it into a public utility, responsive to the will and needs of the people.

Banks that operate as public utilities can direct credit to where it best serves the interest of the whole economy. They do not need to worry about maintaining their market share, and they have no incentive or authorization to gamble with depositor's money in the derivatives casino. They are highly unlikely to go bankrupt or lose their customer's money because they have the full faith and credit of the government and the people behind them.

This is not just conjecture. Public banks globally have been found to be safer, sounder and more productive to the overall economy than private banks.



—from Ellen Brown's The Public Bank Solution